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U.S. House of Representatives

COMMITTEE ON ARMED SERVICES

Washington, D.C. 20515

NINETY-THIRD CONGRESS

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July 8, 1974

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The Honorable Elmer B. Staats
Comptroller General of the United States
General Accounting Office
Washington, D. C. 20548

Dear Mr. Staats:

The Central Intelligence Agency is preparing to complete a sales agreement for the sale of Air Asia Company, Ltd. to E-Systems. Air Asia is a wholly owned subsidiary of Air America, Inc. Air America is wholly owned by the Pacific Corporation, whose shares of stock are held by non-need stockholders for the benefit of the United States Government, specifically the Central Intelligence Agency.

The Intelligence Subcommittee of the House Armed Services Committee has been reviewing this proposed sale, and it is my belief that a disinterested third party, professionally competent, should review the details. Therefore, I am requesting that you assign a suitable team to accomplish such a review. I would like an appropriate report from the General Accounting Office advising whether in your view the proposed sale appears to be in the best interest of the United States Government.

This request for a review of the proposed sale of these Central Intelligence Agency assets is quite unusual. However, I believe that this can be accomplished by your organization without effecting a change in the existing relationship between the General Accounting Office and the Central Intelligence Agency.

The Central Intelligence Agency considers their relationship to these above-named companies to be classified and that classification must be retained for the foreseeable future. Therefore, it is requested that you conduct the review in such a manner as to preserve the security of this relationship and other classified relationships which undoubtedly will be involved.

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Intelligence Agency has reached an advanced stage of the negotiations, and I therefore would request that this review be accomplished as expeditiously as possible.

Sincerely,

Lucien N. Nedzi
Chairman
Special Subcommittee
on Intelligence

LNN:fsk

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